

American Thinker

[Return to the Article](#)

April 14, 2010

An Economics Lecture No Student Will Ever Hear

By [Herbert E. Meyer](#)

Good morning. Take your seats, turn off your cell phones, and keep them off for the duration of this lecture.

Today's subject is jobs. As even the dimmest among you are aware, we're in a jobless recovery, which means that economic activity is picking up, but businesses just aren't hiring enough workers to bring down the unemployment rate to an acceptable level.

Between now and the November elections, Republicans will blame Democrats for this mess, and Democrats will say that it's all the Republicans' fault. The decibel level will be excruciating. If you're among those who would rather argue than understand, don't waste your time or my energy; get up now and leave through the side door. But if you really want to understand why we're not creating new jobs fast enough, put aside your politics and let me teach you the one thing about economics you should have learned in high school.

Just like those cell phones you're all itching to turn back on -- don't even think about it while I'm speaking to you -- an economy has an operating system built into it. This means that you have to do things the way the operating system is designed to work.

Look, if you've got an iPhone, there's no Republican way to make a phone call or check your e-mail -- no Democratic way, or liberal way, or conservative way. Either you do it the way the operating system wants you to do it, or nothing happens. It's the same for those of you with BlackBerrys or any other model. Can these operating systems be improved? Of course, which is why Apple and the other cell phone vendors send out system upgrades from time to time. If you don't like the operating system you've got, can you change it? Yes, give your BlackBerry to your kid sister and get yourself an iPhone, or dump your iPhone for a BlackBerry. But if you're trying to use the cell phone you've got, either you do it the way its operating system is designed to work or you're stuck.

Two Kinds of Economies

Broadly speaking, a country can choose one of two economic operating systems. It can be a free-market economy, or it can be a command economy. In a free-market economy, businesses work within the rules set by government to sell their products and services, but no one is in charge. In a command economy, there may still be privately owned businesses, but the government's role is so large that it really calls the shots. Because each country -- unlike each cell phone owner -- designs its own operating system, no two economies are precisely the same. So our country's free market is somewhat different from Canada's, which itself is different from Germany's, Australia's, Poland's, and so forth. Likewise with command economies. Still, the similarities among all free-market economies are more striking than the differences, and all command economies are pretty much the same, whether it's a left-wing or a right-wing government in power.

In a free-market economy like ours, it's the entrepreneurs who create jobs. The dictionary defines "entrepreneur" as "a person who organizes and manages a business undertaking, assuming the risk for the sake of the profit." An entrepreneur can be world-famous, like Apple's Steve Jobs, or that entrepreneur can operate a small business like a diner, a hardware store, or a factory that manufactures valves. Your dentist is an entrepreneur, and so's the algebra tutor your parents made you hire so you won't flunk that course a second time.

If you want to create a lot of jobs, create an environment in which entrepreneurs will thrive. They'll take it from there, because creating jobs is what entrepreneurs do. Here's another way to think about it: You people drink a lot of milk. Well, milk comes from cows. If you want more milk, create an environment in which cows will thrive.

And just as it makes no sense to say that you want more milk but you oppose cows because they're smelly, dirty, and leave their droppings all over the place, it also makes no sense to say that you want more jobs but oppose entrepreneurs because they're greedy, pushy, and often wealthier than the rest of us. You cannot have it both ways, and if you don't like how the world works, then go argue with Him, not with me. (And you won't be the first to squawk: King Alphonso X of Spain once complained that "had I been present at the creation, I would have given some useful hints for the better ordering of the universe." Well, he wasn't present at the creation, and neither were you.)

Dairy Farmers and Politicians

Whose responsibility is it to create and maintain an environment in which entrepreneurs -- or cows -- will thrive? In the case of cows, it's the dairy farmers, whose job it is to keep the beasts happy and productive. These are the people who assure that cows have enough good land to graze upon, good shelter at night and in foul weather, and the best possible medical attention when necessary. Put a competent dairy farmer in charge of the herd, and those cows will produce a lot of milk. Put someone in charge of the herd who knows nothing about cows, and milk production will plummet. And if you put someone in charge of that herd who actually wants the dairy farm to fail -- for instance, a real-estate developer who'd like to buy the farmland cheap so he can build a shopping mall -- those cows won't make it through the winter.

And whose responsibility is it to create an environment in which entrepreneurs will thrive? It's the men and women we elect at the local, state, and federal levels whose job it is to create and maintain the conditions that entrepreneurs need to start and expand businesses -- low taxes, reasonable regulation, and the confidence to accurately project their future costs and risks so they can make decisions to increase manufacturing, or to launch new products and services, that will result in people being hired.

Now you can understand why we're in a jobless recovery: Some of the politicians we've elected have no idea that creating and maintaining an environment in which entrepreneurs will thrive is what they're supposed to do. Others we've elected have a vague notion that this is what they're supposed to do, but no idea how to do it. And too many of the politicians we've elected actually want those entrepreneurs to fail so public support will grow for replacing our free-market economy with a command economy -- one in which the government really calls the shots.

Your assignment is to draw up a list of politicians who are making life miserable for entrepreneurs. Include local officials, state legislators and governors, and members of Congress. Write a paragraph explaining why you've included, or excluded, the president. Lastly, identify at least one candidate in the upcoming November election who understands how to help entrepreneurs succeed. If you want extra credit -- and if you want to be able to find a job when you graduate -- volunteer to help out in his or her campaign.

That's it. Class dismissed.

Herbert E. Meyer served during the Reagan administration as Special Assistant to the Director of Central Intelligence and Vice Chairman of the CIA's National Intelligence Council. He is the author of [How to Analyze Information](#) and [The Cure for Poverty](#).

Page Printed from: http://www.americanthinker.com/2010/04/an_economics_lecture_no_studen.html at April 19, 2010 - 12:07:57 PM CDT